In a preview of a tough year ahead, governments meeting at the U.N. Climate Change Conference in Lima, Peru, went 30 hours over deadline to hammer out a modest set of procedural steps, and made no real progress on the larger issues looming as they work toward a new global climate agreement next year in Paris.

In adopting the Lima Call for Climate Action, parties to the U.N. Framework Convention on Climate Change (UNFCCC) agreed on loose arrangements for bringing forward their “intended nationally determined contributions” to the Paris agreement. They also forwarded the “elements for a draft negotiating text” that is to be produced by May. But the “elements” paper – a compendium of all the issues and options put forward by parties – explicitly disclaims any “convergence” and leaves the door open to further proposals next year.

The meeting – known formally as the 20th Session of the Conference of the Parties to the UNFCCC, or COP 20 – completed the third of a four-year round of negotiations to conclude in Paris. It began with a sense of momentum, following nearly $10 billion in pledges to the new Green Climate Fund and the joint announcement by the United States and China of their post-2020 emission targets. However, the meeting quickly bogged down, and parties put aside the “elements” document to haggle over the more immediate issues of how their intended contributions to the Paris agreement are to be submitted to and weighed by the UNFCCC.

Though these matters were largely procedural, the fight over them brought to the fore the perennial and increasingly contentious issue of differentiation among developed and developing countries. Many developing countries insisted on maintaining the stark differentiation of the past, but developed countries refused. In the end, the Lima decision largely sidestepped the issue, which is certain to be a central challenge in reaching an agreement in Paris.

In other areas, parties conducted a “multilateral assessment” of emission-cutting efforts by developed countries; debated how to continue scaling up finance to developing countries; failed again to make progress on new market-based approaches; and continued to struggle over aid to developing countries for “loss and damage” resulting from climate change.

Following is a summary of key outcomes:

**AD HOC WORKING GROUP ON THE DURBAN PLATFORM FOR ENHANCED ACTION**

In 2011, COP 17 established the Ad Hoc Working Group on the Durban Platform for Enhanced Action (ADP), with the mandate of negotiating by COP 21 a post-2020 agreement in the form of “a protocol, another legal instrument or an agreed outcome with legal force under Convention applicable to all Parties.”

A decision last year, at COP 19 in Warsaw, invited parties to submit their “intended nationally determined contributions” (INDCs) to the new agreement “well in advance” of the Paris conference (“by the first quarter of 2015 by those Parties ready to do so”) in a manner that “facilitates the clarity, transparency, and understanding” of the intended contributions. Parties deferred to Lima the question of what information they will provide when putting forward their contributions.

The Warsaw decision appeared to suggest the very
broad contours of the Paris agreement – a hybrid structure combining bottom-up and top-down elements. While parties’ individual contributions would be nationally determined, they would be accompanied by a “rules-based regime” to, for instance, promote transparency and accountability.

In Lima, the ADP had two documents before it: a paper identifying potential “elements for a draft negotiating text” of the Paris agreement, and a decision laying out the process for presenting and considering parties’ INDCs over the coming year.

The “elements” paper essentially contains the raw materials for the Paris agreement, covering such issues as mitigation, adaptation, finance, technology transfer, transparency, the legal nature of parties’ commitments, the use of market mechanisms, and procedures to periodically update commitments. It grew to 39 pages as parties made sure all of their proposals were reflected.

The major issue on the “elements” paper was its status heading into next year. Many parties did not want it to be the exclusive basis for developing the draft negotiating text (which, under the rules of the Convention, would need to be circulated by May in order for the Paris agreement to be adopted as a protocol). As a result, the paper includes a footnote stating that the elements “reflect work in progress,” and that they “neither indicate convergence…[nor] preclude new proposals from emerging” next year.

Far more contentious was the decision on steps leading to Paris. Major issues, many of which remained in play until the final 1 a.m. deal, included:

**Scope of INDCs**

Developed countries wanted “nationally determined commitments” to focus only on mitigation, while many developing countries pushed to include adaptation and finance too. The compromise does not explicitly define the scope of INDCs. In linking INDCs to the Convention’s ultimate objective (stabilizing greenhouse gas concentrations to avoid dangerous anthropogenic interference with the climate system), the decision sets an expectation of mitigation contributions from all. It also invites parties to “consider including an adaptation component” as well.

**Upfront Information**

To help clarify and assess parties’ contributions, the decision identifies certain information that parties might provide, as appropriate, including “quantifiable information” on an INDC’s timeframe, scope and coverage, and the assumptions and methodologies used in estimating and accounting for emissions. It also asks parties to say how their contributions are “fair and ambitious.” However, language saying that “all Parties shall” provide upfront information was replaced by “may” in the final text, making it voluntary.

**Ex ante Consideration**

Many parties pushed for different types of processes to scrutinize one another’s intended contributions pre-Paris; major developing countries tried to block them. The final decision dropped a mid-year “dialogue” on the INDCs, but added direction to the UNFCCC secretariat to prepare a synthesis report by November on the “aggregate effect” of the INDCs – in other words, how they compare to the reductions needed to limit warming to 2°C.

**Differentiation**

Major developing countries pushed for explicit differentiation between Annex I (developed) and non-Annex I (developing) countries throughout the decision, which developed countries flatly rejected. The compromise echoes language from the recent US-China joint announcement, simply restating the UNFCCC principle of “common but differentiated responsibilities and respective capabilities,” with a slight addition: “in light of different national circumstances.”

**Finance**

Differentiation was also an issue in the decision’s call for increased finance for developing countries. Rather than assuming the entire onus themselves, developed countries pushed for language saying that other parties “in a position to do so” should also contribute. The final text simply “recognizes complementary support” from other parties.

**Loss and Damage**

COP 19 launched a separate process to consider steps to help especially vulnerable developing countries cope with “loss and damage” – climate impacts that cannot be avoided even with strong mitigation and adaptation efforts. In Lima, those countries tried but failed to add loss and damage to the list of issues the Paris agreement must address. The final decision merely notes the
separate process already underway. On the decision’s adoption, Tuvalu, speaking for the least developed countries group, noted for the record its interpretation that this reference indicates an intention by parties to address the issue in the Paris agreement. (See more on loss and damage below.)

MULTILATERAL ASSESSMENT
COP 20 featured the first-ever “multilateral assessment” of mitigation efforts by developed countries, part of a new set of transparency procedures established under the 2010 Cancun Agreements. Seventeen developed country parties, including the United States, the European Union, several EU member states, and New Zealand, provided brief presentations to the Subsidiary Body on Implementation (SBI) on progress toward achieving their 2020 emission pledges, and fielded questions from other parties.

The SBI session was one in a sequence of steps in the new international assessment and review (IAR) process for developed countries. The parties being assessed had earlier submitted biennial reports on their implementation efforts, which had undergone expert review, and participated in online Q&A with other parties. The process results in a party “record” including any expert review reports, a compilation of the online and in-session Q&A, a summary report from the SBI, and any additional comments from the party concerned.

Other developed countries will be assessed over the coming year. Under a parallel process called international consultations and analysis (ICA), developing countries are now submitting their biennial reports, which will undergo technical analysis next year, followed by a “facilitative sharing of views” among parties in 2016.

FINANCE
Apart from figuring in the ADP debate, climate finance issues were addressed on several other fronts at COP 20.

Leading up to Lima, pledges toward the initial capitalization of the Green Climate Fund (GCF) established under the Cancun Agreements had approached the informal goal of $10 billion. Additional pledges during the conference surpassed that goal, including pledges by Australia, which had earlier said it would not contribute, and by three developing countries: Colombia, Mexico and Peru.

Meanwhile, China, saying that the GCF should be funded by developed countries, announced the launch of a separate South-South fund. China pledged to double the $44 million in climate finance it has provided since 2011, and invited other developing countries to contribute. It provided few details on how the new fund will be managed.

The COP received the first biennial assessment of its Standing Committee on Finance, which estimated that flows from developed to developing countries totaled between $40 billion and $175 billion a year between 2010 and 2012, including $35 billion to $50 billion a year in public finance. (Developed countries committed in Cancun to mobilize $100 billion a year in public and private finance by 2020.) The wide range in the committee’s estimate of total flows reflects both the lack of an agreed definition of climate finance and the difficulty in tracking, in particular, private flows.

In a debate over scaling up climate finance, developed countries resisted calls by developing countries for interim targets toward the $100 billion a year to be mobilized by 2020. The COP instead urged developed countries to “enhance the available quantitative and qualitative elements of a pathway, placing greater emphasis on transparency and predictability of financial flows.”

FRAMEWORK FOR VARIOUS APPROACHES/NEW MARKET MECHANISM
Since COP 18 in Doha, efforts toward establishing a new market mechanism under the UNFCCC have been subsumed under a broader work program on a Framework for Various Approaches, which also takes in non-market approaches.

For the second year in a row, the discussions remained bogged down in the Subsidiary Body on Scientific and Technological Advice (SBSTA) and never reached the COP. China and Brazil argued that the issues should instead be taken up under the ADP, but other parties objected. The issues will be before SBSTA again next year.

LOSS AND DAMAGE
At COP 19, parties established the Warsaw International Mechanism for Loss and Damage to consider steps to address loss and damage suffered by especially vulnerable countries, and agreed to revisit the mechanism and its
structure at COP 22, a year after the Paris conference.

In Lima, the COP decided on the composition of the mechanism’s executive committee and adopted an initial two-year work plan outlining a detailed set of activities to better understand unavoidable climate impacts and to identify and promote risk management strategies and other responses.

**FUTURE MEETINGS**

The ADP will hold its next session February 8-13, 2015, and will meet again during the annual meetings of the UNFCCC Subsidiary Bodies set for June 3-14, 2015, in Bonn.

COP 21 will be held from November 30 to December 11, 2015, in Paris. The COP is considering an offer by Morocco to host COP 22 on November 7-18, 2016, with a final decision due at COP 21.